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**CAD Bulletin No. 2008-7**

To: All Electric and Gas Utilities

From: Derek D. Davidson, Director, Consumer Assistance Division

Subject: Chapter 815, §12(B)(1)

Date: August 11, 2008

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This bulletin is issued pursuant to Chapter 110, §606 of the Commission's rules and provides an informal staff interpretation of section 12(B)(1) of Chapter 815. This section deals with customers requesting reconnection and requires a utility to offer a reasonable payment arrangement on an account balance if the disconnection was for non-payment and the customer was not on a payment arrangement at the time of the disconnection. If the customer was on a payment arrangement at the time of the disconnection, the utility is not obligated to offer another payment arrangement and instead can require the customer to pay the catch-up amount on the existing arrangement, as well as a deposit, to be reconnected. This section states "[i]f the cause of the disconnection was a broken payment arrangement, the utility may require the customer to pay the catch-up amount on the arrangement, in addition to a deposit and reconnection fee. If the utility demands a deposit from a residential customer before reconnection of service, the utility must offer the following options to the customer:

- a. pay the deposit and enter into a payment arrangement for the amount overdue;
- b. pay the amount overdue and enter into a payment arrangement for the deposit; or
- c. pay the deposit and amount overdue in full."

For customers on a payment arrangement at the time of the disconnection, some utilities have required payment of the catch-up amount on the existing arrangement, payment of a deposit, and then offered the customer a payment arrangement on the *entire amount overdue* or the deposit. This has created situations where the payment amount needed for reconnection is not affordable. Besides being unaffordable, this is



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inconsistent with the purpose of this section, i.e., to not require a utility to negotiate a second payment arrangement with a customer that was on a payment arrangement at the time of the disconnection. For these customers, a utility has a choice of: 1) requiring payment of the catch-up on the payment arrangement, payment of a deposit, and offering a payment arrangement on the deposit or the catch-up amount; or 2) requiring payment of a deposit, the total amount overdue, and offering a payment arrangement on the deposit or the entire amount overdue. The result of option number 2 is no collection of the catch-up amount and most likely a new payment arrangement on the total amount overdue.

The source of the confusion is the term “amount overdue” referenced in subsections a through c. In situations where the customer was on a payment arrangement at the time of the disconnection and a utility decides to require the payment of the catch-up amount on the arrangement as a condition for reconnection, the term “amount overdue” refers to the amount overdue on the payment arrangement, i.e., the catch-up amount, not the entire amount overdue. In situations where the customer was not on a payment arrangement at the time of the disconnection or where the utility decides not to require payment of the catch-up amount and instead renegotiates the original payment arrangement, the term “amount overdue” refers to the entire amount overdue on the account. In the latter situation, the utility can require the payment of a deposit and the entire amount overdue as a condition of reconnection, but is then required to offer a payment arrangement on either the deposit or the entire amount overdue (most likely the entire amount overdue).

This language will be clarified in the upcoming rulemaking to revise Chapter 815. In the meantime, utilities should follow the guidance provided in this bulletin when establishing terms for reconnection with customers disconnected for non-payment.

This is an informal staff interpretation of Chapter 815. Utilities have the right to request an Advisory Ruling from the Commission pursuant to Chapter 110, part 6 of the Commission’s rules. If anyone has questions regarding this opinion, please contact me at (207) 287-1596 or at [Derek.d.davidson@maine.gov](mailto:Derek.d.davidson@maine.gov).

DD/kp